

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED
MAR 15 2004
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF :

THE JOINT APPLICATION OF ORCHARD
GRASS UTILITIES INC. AND OLDHAM
COUNTY SANITATION DISTRICT FOR
APPROVAL OF THE TRANSFER OF
WASTE WATER TREATMENT FACILITIES
PURSUANT TO STOCK PURCHASE
AGREEMENT BETWEEN THE PARTIES)

CASE NO.
2004 - 00029

**RESPONSE OF ROBERT L. MADISON RELATED TO FORMAL
HEARING AND BRIEFS**

THIS IS THE RESPONSE OF ROBERT L. MADISON TO THE ORCHARD GRASS LETTER, DATED 11 MARCH 2004, CONCERNING A FORMAL HEARING AND BRIEFS IN THIS CASE.

I FEEL A FORMAL HEARING AND BRIEFS ARE NECESSARY FOR THE FOLLOWING REASONS :

1. I HAVE HAD TWO PHONE CONVERSATIONS WITH RICK RASH CONCERNING THIS CASE. I WAS TAKEN ON A TOUR OF THE WILLOW CREEK PLANT ALONG WITH JOHN M. BENNETT, RICK RASH AND TWO DIFFERENT RESIDENTS WHO LIVE NEAR THE PLANT. THE INFORMATION I OBTAINED CONTRADICTS SOME OF THE ISSUES IN THE JOINT APPLICATION (JA) AND DATA REQUEST RESPONSES.

2. MANY OF THE DATA REQUEST RESPONSES OF OCSD AND OGU WERE MISLEADING, INCOMPLETE, NON - RESPONSIVE OR IGNORED. THE PARTIES DID NOT IDENTIFY WHO WAS RESPONSIBLE FOR THE ANSWERS TO EACH QUESTION AS I REQUESTED IN THE INSTRUCTIONS.

3. THE DATA REQUESTS WERE NOT SWORN TESTIMONY UNDER OATH WITH THE ABILITY TO ASK ADDITIONAL QUESTIONS OR TO EVEN GET RESPONSES. THIS IS A DUE PROCESS ISSUE.

4. THERE EXISTS NUMEROUS ISSUES WHICH I DO NOT FEEL ADEQUATE INFORMATION HAS BEEN PROVIDED TO MAKE A DETERMINATION OF WHETHER THE JA MEETS VARIOUS LEGAL CRITERIA FOR PSC APPROVAL. EVEN IF THE PSC APPROVES THE ACQUISITION IT MAY BE APPROPRIATE THAT CONDITIONS ARE PLACED ON THE ACQUISITION. THE ISSUES INCLUDE, BUT ARE NOT LIMITED TO :

A. IS IT REASONABLE SERVICE FOR THE RESIDENTIAL CUSTOMERS TO

PAGE 2 OF 3
DATE : 13 MAR 2004

HAVE RATE INCREASES OF 84.66 % $((7.67 + (3.2 * 6.6)) / 15.59)$ FOR ORCHARD GRASS AND 56.04 % $((7.67 + (3.2 * 6.6)) / 18.45)$ FOR WILLOW CREEK BASED ON AVERAGE WATER USAGE IN OLDHAM COUNTY ?

B. WITH THE OCSD LOSING \$ 25,000 - \$ 30,000 PER MONTH, DOES THIS SHOW THEY HAVE THE FINANCIAL ABILITIES TO PROVIDE REASONABLE SERVICE ?

C. WILL THE RESIDENTIAL CUSTOMERS HAVE ADDITIONAL DRAINAGE FEES, TAXES AND TAP - ON FEES ADDED TO RAISE THE RATES EVEN FURTHER ? WHAT WILL BE THE POLICY FOR WATER USAGE NOT TREATED BY SEWAGE PLANTS ?

D. WHAT WILL THE OCSD DO WHEN IT SHUTS DOWN THE WILLOW CREEK PLANT ?

E. WILL THE OCSD USE THE NEW REVENUE ONLY FOR SEWAGE COSTS OR WILL IT BE USED FOR OTHER GOVERNMENT PURPOSES ?

F. SHOULD THE OCSD BE ABLE TO PAY \$ 675,000 DOLLARS FOR THE PLANTS AND THEN PASS THOSE COSTS ON TO THE CUSTOMERS WHEN THE VALUE IS ONLY \$ 189,758 (\$ 1,758 + \$ 120,000 + \$ 68,000) A VALUATION OF 355.71 PERCENT OVER ITS VALUE ?

G. WHILE THE PURCHASE OF THE PLANTS WILL BE FINANCIALLY FAVORABLE TO MR. COGAN AND WILL ENABLE OCSD TO HAVE A STEADY REVENUE STREAM, THE INCREASE OF SEWAGE COSTS ARE NEGATIVE FOR THE CUSTOMERS. THERE IS UNCERTAINTY AS TO WHAT ELSE WILL HAPPEN ONCE OCSD HAS CONTROL.

H. THE LEGALITY OF THE ISSUE OF OCSD PROVIDING SERVICE TO OLDHAM / JEFFERSON COUNTY HAS NOT BEEN RESOLVED.

ROBERT L. MADISON MOVES THE COMMISSION TO :

1. SCHEDULE A FORMAL HEARING IN THIS CASE. I WOULD PROPOSE AT LEAST 10 CALENDAR DAYS FROM A COMMISSION ORDER ON THIS ISSUE TILL A HEARING IS HELD.

2. BRIEFS BE DUE NO SOONER THAN 20 CALENDAR DAYS AFTER THE COMMISSION ISSUES AN ORDER MAKING A DETERMINATION THAT A HEARING IS NOT NECESSARY OR NO SOONER THAN 10 CALENDAR DAYS AFTER A HEARING.

3. THE COMMISSION EXTEND THE TIMEFRAME FOR MAKING A DECISION ON THE JA PAST 60 DAYS, IF NECESSARY, FOR THE PARTIES TO HAVE A REASONABLE TIME TO ADHERE TO WHATEVER PROCEDURAL SCHEDULE IS DETERMINED.

PAGE 3 OF 3
DATE : 13 MAR 2004

I CERTIFY THAT ON 13 FEB 2004, COPIES OF THIS LETTER WERE MAILED
REGULAR MAIL TO ALL PARTIES OF RECORD.

SINCERELY,

Robert L. Madison

ROBERT L. MADISON
5407 BAYWOOD DRIVE
LOUISVILLE KY 40241-1318
HOME PHONE: (502) 241-5079